The Commission failed to adopt any alternatives minimizing the impact of its Report and Order, such as grandfathering five digit CACs. The elimination of VarTec's five digit CACs will make it significantly more difficult for VarTec to continue to provide service in the 48 states and the District of Columbia where it currently operates, and to expand its service to other states. This violates Section 257 of the Communications Act. The Commission failed to sufficiently consider VarTec's plan allowing it to use its five digit CACs past December 31, 1997, and other proposals referenced infra, thus violating the RFA. Such alternatives would minimize the impact of the CAC expansion on small interexchange carriers like VarTec. VarTec urges the Commission to eliminate the market entry barrier which it has improperly invoked on small interexchange carriers.

^{(...}continued) about the new CACs, and a "2-PIC" system whereby the customer chooses both an inter-LATA presubscribed carrier as well as an intra-LATA presubscribed carrier. The Commission also rejected VarTec's proposal that the Commission mandate LECs to provide an intercept message to any customers dialing the five digit CAC during the 12 months following the transition period, thereby informing the customer of the carrier's seven digit replacement CAC, and reducing the IXC's hardship in complying with the Report and Order. See Comments, filed June 6, 1994.

VII. CONCLUSION.

For all the foregoing reasons, VarTec urges the Commission to reconsider its <u>Second Report</u> and <u>Order</u> and allow VarTec to continue to use its five digit CACs to provide long distance service to its customers.

Respectfully submitted,

VARTEC TELECOM, INC.

James U. Troup

Roger P. Furey

Steven J. Hamrick

Arter & Hadden

1801 K Street, N.W., Suite 400K

Washington, D.C. 20006-1301

(202) 775-7960

Its Attorneys

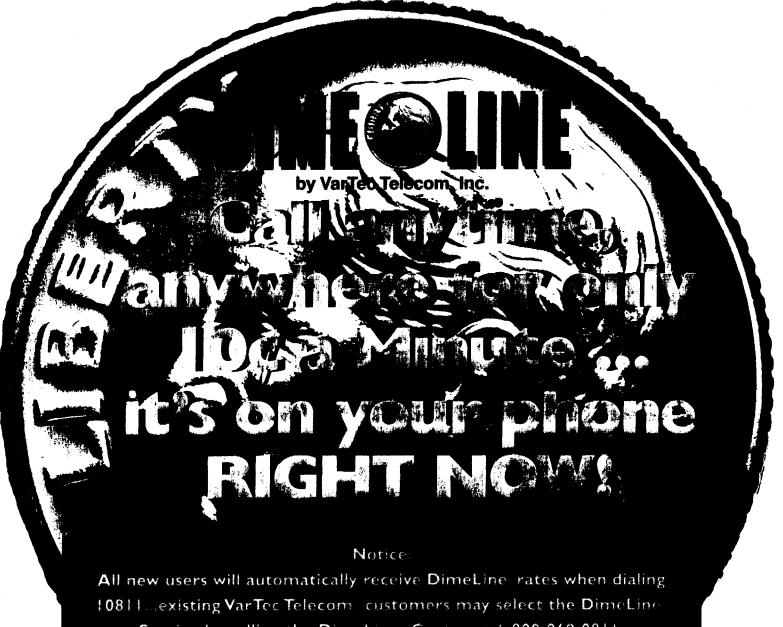
May 19, 1997

WP/85162

EXHIBIT ONE

This exhibit is not available to the public because it contains proprietary commercial information. See 47 C.F.R. § 0.457(d). VarTec is filing this exhibit under separate cover pursuant to 47 C.F.R. § 0.459.

EXHIBIT TWO



Service by calling the DimeLine Center at 1-800-969-0811.

JUST DIAL 10811+1 + area code + the number you wish to call.

Call anytime, any day, anywhere in the U.S. for only 10 cents a minute.*

Then, simply pay your same familiar phone bill with one convenient check. Our billing appears clearly marked on

- Make as many 10 cents a minute*, long distance calls as you want anytime of day.
- **3.** DimeLine® is on your home phone now! Start saving immediately!

your local phone bill.

There are no restrictions on calling times.

There are **no circles** to join!

There is **no need** to cancel your existing carrier.

*The **DimeLine**® is 10 cents a minute, 24 hours a day, 7 days a week. **JUST DIAL 10811** to make as many 10 cents a minute calls as you like for a low \$5.00 per month access fee and a three-minute minimum per call.

It's guaranteed! Only 10 cents a minute anytime, any day, to anywhere in the U.S. Just dial 10811 + 1 + area code + the number you wish to call and you're on the DimeLine for only 10 cents, every amazingly-priced long distance minute.

Unlimited!

11 a.m. 8 a.m. llp.m. 8 a.m. AT&T True Reach 25.24 16.20 12.64 Savings MCI 12.30 15.85 24.60 Friends & Family 250 100 25¢ Sprint Sense By VarTec Telecom, Inc.

Races are for usage only and do not include monthly recurring charges or minimums. AT&T, MCI and Sprint rates, shown above, are based on interstate calls mad between 293-430 miles with a customer's average monthly usage between \$10,00 and \$24.47 a month. . MCI rates assume 20% of the calls are made within MCI Calling Circles. Rate comparisons are based upon AT&T, MCI and Sprint's weekly rates in effect as of October 14,1996.

Variet Relectors and Directine are registered trademarks of Variet Relectors, inc. Agents welcome.

The DimeLine Guarantee

If for any reason you are even charped more than 100 a minute than 5 areas for the Dam Line 5 areas for the trans within 100 at the charped to you affect the management of the pagent o

1-800-544-1510

The DimeLine® already works on your telephone. Just dial 10811. You don't have to sign up or notify anyone to use it. You still receive your one familiar phone bill, easily paid with one check to your current local phone company. Our charges will be clearly marked.

Save on international calls too! Rates for direct-dial calls to all international locations will be at least 20% below AT&T's basic I+ rates.







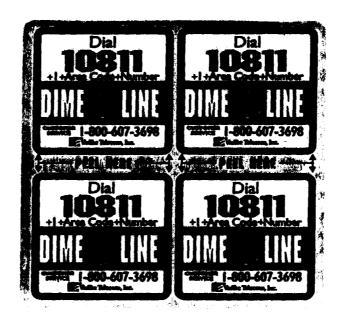
Small Change.

PRESORTED
BULK RATE
U.S. POSTAGE
PAID
PERMIT NO. 3700
DALLAS, TX

We Participate

BBB

A Customer Assistance Program of the Better Business Bureau



Place the attached reminder stickers on your telephones and directories to start saving on your very next call! The

beats them all.

Big Savings. 804



- 1. JUST DIAL 10811 + 1 + area code + the number you wish to call.
- 2. Make as many long distance calls as you want for 5¢ a minute* within California and 10¢ a

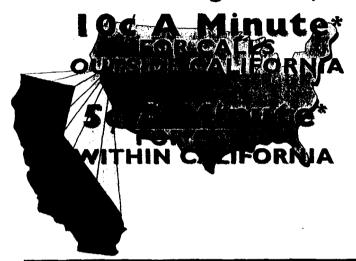
Call from California to anywhere in the U.S. for only 10 cents a minute, and call within California for only 5 cents a minute—anytime, any day!

Then, simply pay your same familiar phone bill with one convenient check. Our billing appears clearly marked on your local phone bill.

There are no restrictions on calling times.

minute* from California to anywhere in the U.S. anytime of day.

3. DimeLine® is on your home phone now! Start saving immediately!



There is no need to cancel your existing carrier. It's Guaranteed!

*The **DimeLine®** is 10 cents a minute from California to anywhere in the U.S., and 5 cents a minute to anywhere in California, 24 hours a day, 7 days a week. **JUST DIAL 10811** to make as many 10 cents a minute or 5 cents a minute calls as you like for a low \$5.00 per month, per line access fee and a three-minute minimum per call.



8 a.	m. 11 a.m.	2 p.m.	5 p.m.	8 p.m.	11p.m.	2 a.m.	5 a.m.	8 a.n
AT&T True Reach Savings	25.	24		16.20		distribution of the state of th	2,6<	
MCI Friends & Fa mily	24.	60		15.8¢		1.	2.3¢	
Sprint Sense		25€			Ţ	00		25¢

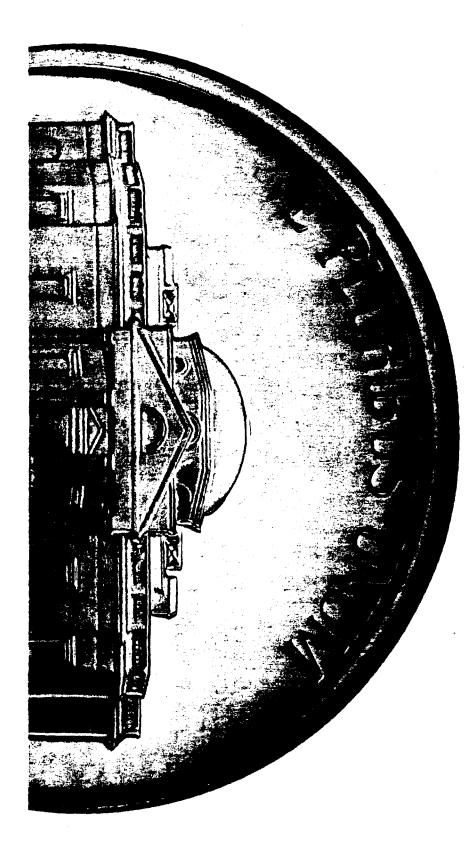
The DimeLine® Already Works On Your Telephone.

Just dial 10811. You don't have to sign up or notify anyone to use it. You still receive your one familiar phone bill, easily paid with one check to your current local phone company. Our charges will be clearly marked.

Save on international calls too!

Rates for direct-dial calls to all international locations will be at least 20% below AT&T's basic 1+ rates.

Rates are for usage only and do not include monthly recurring charges or minimums. ATA'T, MCI and Sprint rates, shown shows, are based on interested calls made between 293-430 miles with a customer's average monthly usage between \$10,00 and \$24.47 a month. MCI rates sessine 20% of the calls are made which MCI Calling Circles. Rate comparisons are based upon ATA'T, MCI and Sprint's weekday rates in effect as of October 14,19%. The 5g-per-ninute rate is a promotional rate for long-distance calls which the state of California. The 10g-per-ninute rate is for interested upon ATA'T, MCI and Sprint's weekday rates in effect as of October 14,19%. The 5g-per-ninute rate is a promotional rate for long-distance calls which the state of California. The 10g-per-ninute rate is a promotional rate for long-distance calls which the state of California. The 10g-per-ninute rate is a promotional rate for long-distance calls which the state of California. The 10g-per-ninute rate is a promotional rate for long-distance calls which a customer 20% of the calls are made with the state of California. The 10g-per-ninute rate is a promotional rate for long-distance calls which a customer 20% of the calls are made within MCI Calling Callornia. The 10g-per-ninute rate is a promotional rate for long-distance calls which it is a promotional rate of the calls are made within MCI Callornia. The 10g-per-ninute rate is a promotional rate of the calls are made within MCI Callornia. The 10g-per-ninute rate is a promotional rate of the calls are made within MCI Callornia. The 10g-per-ninute rate is a promotion of the callornia rate of the





PRESONTED
BULK RATE
U.S. POSTAGE
PAID
PERIMIT NO. 3700
DALLAS, TX

3200 West Pleasant Run Road Lancaster, Texas 75146



Small Change.





Place the attached reminder stickers on your telephones and directories to start saving on your very next call! The

DINE CLINE beats them all.

Big Savings.

BN-

DIME©LINE°

by VarTec Telecom, Inc.

Attention: A New Way To Save





Dear Local Telephone Customer:

AT&T, Sprint and MCI don't offer you the overall savings you can receive by using the DimeLine®. That's because the DimeLine® charges only 10 cents per long distance minute.*

It's guaranteed! Only 10 cents a minute* anytime, any day, to anywhere in the U.S. Just dial 10811 + 1 + area code + the number you wish to call and you start saving on every long distance minute. Unlimited!

You've got it! One low monthly access fee of \$5.00 per line, and you are guaranteed unlimited 10 cents a minute, long distance calling subject to a three-minute minimum per call. And, we promise that if you are ever charged more than 10 cents a minute while using the DimeLine® service for calls within the U.S. from VarTec Telecom®, we will refund to you the entire cost of the affected call.

And the DimeLine® already works on your telephone. Just dial 10811 + 1 + area code + the number you wish to call. You don't have to sign up or notify anyone to begin your savings. You will continue to receive your one familiar phone bill, easily paid with one check to your current local phone company. Our charges will be clearly marked.

If you should have problems, you can speak to a Customer Service Representative 24 hours a day, seven days a week.

Why not receive the same quality and service and save money? Dial the DimeLine® today, and we'll waive your first access fee! For more information, call: 1-800-544-1510.

We Participate

Sincerely,

K R Ball

Vice President - Marketing

VarTec Telecom, Inc.

Dimeline is working on your phone now!

(ARE)

A Customer Assistance Program of the Better Business Bureau

P.S. Save on international calls, too! Rates for direct-dial calls to all international locations will be at least 20% below AT&T's basic 1 + rates.

Visit our home page at http://www.vartec.net



HERE'S THE PROOF PER MINUTE, 24 HOURS A DAY!

HERE'S HOW:

- 1. Dial 10811
- 2. + 1
- 3. + area code
- 4. + the number you wish to call

Make as many 10C a minute calls as you like for a low \$5 per month access fee.*

VarTec Telecom, Inc.

Variet Telecom, Dimetine and the V^{*} design are registered trademarks of Variet Telecom, Inc.

*The 55.00 monthly access fee is assessed per line and calls are subject to a three-minute minimum per call.

This service is available to residential customers only. Rates for direct-dial calls to all other areas will be at least 20% below AT&T's basic 1 + rates. This special rate will not be applicable to directory assistance calls. Agents withome.

DINE LINE® By YarTec Telecom, Inc.			10¢	US.	U.S. Call, re a week!			
Sprint Sense	Sprint Sense 25¢			10¢ 2				
MCI Friends & Family	24.8	¢	15.9¢		12.4¢			
AT&T True Reach Savings	25.2¢		16.2¢		12.6¢			
8 a.m.	11 a.m.	2 p.m. 5 p	.m. 8 p.m.	11p.m.	2 a.m.	5 a.m.	8 a.r	

AT&T, MCI, and Sprint rates, shown above, are based on interstate calls matie between 293-430 miles with a customer's average monthly usage between \$10.00 and \$24.49 a month. Rates are for usage only and do not include monthly recurring charges or minimums. MCI rates assume 15% of the calls are made within MCI calling circles. Rate comparisons are based upon AT&T, MCI, and Sprint's weekday promotional rates in effect as of September 15, 1996.

DIMEOLINE®

by VarTec Telecom, Inc.

10¢ A MINUTE* GUARANTEED CALL TODAY!

Start saving immediately! The DimeLine is already available on your home telephone. See reverse side for more details and easy instructions on how to access the DimeLine!

Make unlimited
104 a minute*,
long-distance calls
24 hours a day, 7 days
a week. There are no
restrictions on calling
times! Call anyone,
any day, anywhere in
the U.S.* There are no
circles to join!

Place these reminder stickers on your phone and directories!





is a long distance service that is ready and waiting to work on your phone 15% right now!

Here's how to access the **DimeLine**® service:

JUST DIAL 10811² + I + Area Code + The Number You Wish To Call.

Don't leave MCI...

Don't quit AT&T...

Don't cancel Sprint and still get 10¢ a minute* calls,



Call anytime, any day, anywhere in the U.S. for only 10 cents a minute.*

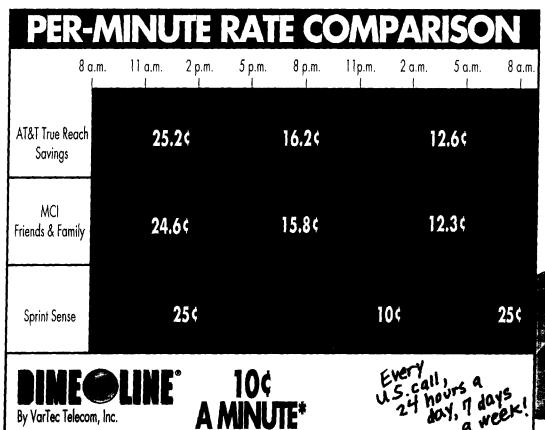
Then, simply pay your same, familiar phone bill with one convenient check. Our billing appears, clearly marked, on your local phone bill. There are **no restrictions** on calling times! There are **no circles** to join! The **DimeLine**® costs 10 cents a minute*, 24 hours a day, 7 days a week.

*JUST DIAL 10811 to make as many 10 cents a minute calls as you like to all 50 states, for a \$5.00 monthly access fee per line and three-minute minimum per call.

International Calls, too!

Rates for direct-dial calls to all international locations will be at least 20% below AT&T's basic 1+ rates.

HERE'S THE PROOF PER MINUTE, 24 HOURS A DAY!



Rates are for usage only calls made between 293-4.
Calling Circles. Rate compa

or minimums. AT&T, MCI, and Sprint rates, shown above, are based on interstate een \$10.00 and \$24.49 a month. MCI rates assume 20% of the calls are made within MCI bates in effect as of October 14, 1996.

SAVING MONEY JUST GOT EASIER!



Q: Do I have to sign up?

No, you don't have to sign up. The DimeLine® is easy to access because it is already available on your home telephone.
All you have to do is DIAL 10811 + 1 + Area Code + Number you wish to call ANYWHERE in the United States for 10 CENTS A MINUTE.*

Q: What's the Catch?

A THERE IS NO "CATCH."

Just remember, to qualify for the 10 cents a minute* rate, you will be charged a \$5.00 per month, per line access fee with a three-minute minimum per call to ANYWHERE in the U.S., 24 HOURS A DAY.

- Do I have to cancel AT&T, MCI, Sprint or any other long distance carrier?
- Not at all! Just dial 10811 before every long distance call to get 10 cents a minute* service on the DimeLine.®
- **Q.** AT&T, MCI and Sprint say they have low rates. Why is the DimeLine® better?
- AT&T, MCI and Sprint may offer you a good rate on the weekends or at odd hours. But only the DimeLine® guarantees 10 CENTS A MINUTE*, TO ANYWHERE IN THE U.S., 24 HOURS A DAY.*

The DimeLine Guarantee FOR MORE INFORMATION, CALL: 1-800-544-1510



VarTec Telecom, the "V" design and DimeLine are registered trademarks of VarTec Telecom, Inc.





NOTICE: Important Information About Your Service.

3200 West Pleasant Run Road Lancaster, Texas 75146

Æ.IA

DIME LINE

by VarTec Telecom, Inc.

Attention: A New Way To Save





Dear Local Telephone Customer:

AT&T, Sprint and MCI don't offer you the overall savings you can receive by using the **DimeLine**. That's because the **DimeLine** charges only 10 cents per long distance minute.

It's guaranteed! Only 10 cents a minute anytime, any day, to anywhere in the U.S.* Just dial 10818 + 1 + area code + the number you wish to call and you start saving on every long distance minute.**
Unlimited!

You've got it! One low monthly access fee of \$5.00, and you are guaranteed unlimited 10 cents a minute, long distance calling.** And, we promise that if you are ever charged more than 10 cents a minute while using the **DimeLine** service for calls within the U.S.* from VarTec Telecom®, we will refund to you the entire cost of the affected call.

And the **DimeLine** already works on your telephone. **Just dial 10818** + I + area code + the number you wish to call. You don't have to sign up or notify anyone to begin your savings. You will continue to receive your one familiar phone bill, easily paid with one check to your current local phone company. Our charges will be clearly marked.

If you should have problems, you can speak to a Customer Service Representative 24 hours a day, seven days a week.

Why not receive the same quality and service and save money? Dial the DimeLine today, and we'll waive your first access fee! For more information, call 1-800-544-1510.

We Participate

Sincerely,

K.R. Ball

Vice President - Marketing VarTec Telecom, Inc.

DimeLine is working on your phone now!

ARE)

A Customer Assistance Program of the Better Business Bureau

P.S. Count on the **DimeLine** today and every day for the ultimate in long distance savings. Place the enclosed stickers on your telephone to remind your family to **dial the DimeLine and save**...every time they call!



3200 West Pleasant Run Road Lancaster, Texas 75146







Place the attached reminder stickers on your telephone and directories to start saving on your very next call!

The DIME CLINE

beats them all.

VT-S7

SAVING MONEY JUST GOT LEASIER!



Q: Do I have to sign up?

A: No, you don't have to sign up. The DimeLine is easy to access because it is already available on your home telephone. All you have to do is DIAL 10818 + 1 + Area Code + Number you wish to call ANYWHERE in the United States for 10 CENTS A MINUTE.

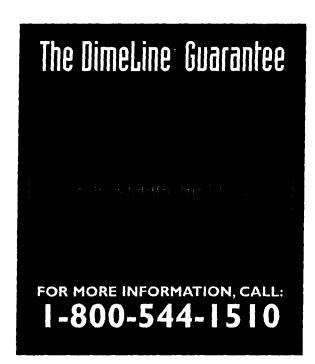
Q: Do I have to cancel AT&T, MCI, Sprint or any other long distance carrier?

Not at all! Just dial 10818 before every long distance call to get 10 cents a minute service on the DimeLine.

AT&T, MCI and Sprint say they have low rates. Why is the DimeLine better?

AT&T, MCI and Sprint may offer you a good rate on the weekends or at odd hours.
But only the DimeLine guarantees
10 CENTS A MINUTE,
TO ANYWHERE IN THE U.S.,
24 HOURS A DAY.*

YOU GET 10 CENTS A MINUTE ON EVERY U.S. CALL!







How We Beat AT&T, MCI & Sprint... Hands Down!

The DimeLine®

is a long distance service that is ready and waiting to work on your phone right now!

Here's how to access the DimeLine service:

JUST DIAL 10818 + 1 + Area Code + The Number You Wish To Call.

Don't leave MCI...

Don't quit AT&T...

Don't cancel Sprint and still get 10¢ a minute calls,



Call anytime, any day, anywhere in the U.S. for only 10 cents a minute.**

Then, simply pay your same, familiar phone bill with one convenient check. Our billing appears, clearly marked, on your local phone bill. There are no restrictions on calling times! There are no circles to join! The DimeLine costs 10 cents a minute, 24 hours a day, 7 days a week.

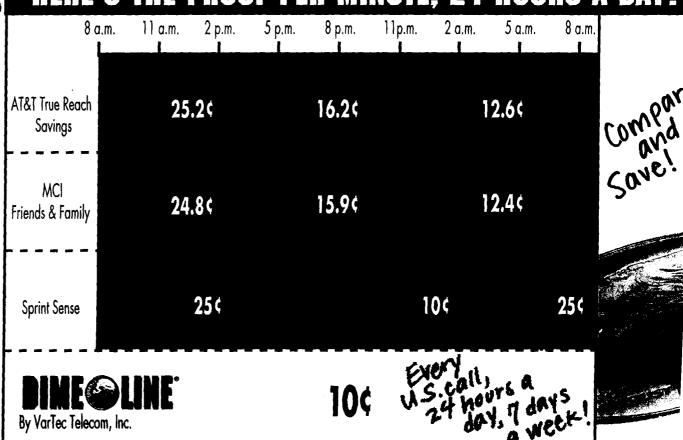
JUST DIAL 10818 to make as many 10 cents a minute calls as you like to all 50 states, for a low \$5.00 monthly access fee.*

Contact our Customer Service representatives 24 hours a day, seven days a week at

|-800-544-|5|0

*The \$5.00 monthly access fee is assessed per line and calls are subject to a three-minute minimum per call. **Rates for direct-dial calls to all international locations will be at least 20% below AT&T's basic ! + rates. This special rate will not be applicable to directory assistance calls. This service is available to residential customers only.

HERE'S THE PROOF PER MINUTE, 24 HOURS A DAY!



AT&T, MCI, and Sprint of \$10.00 and \$24.49 a no made within MCI calling made between 293-430 miles with a customer's average monthly usage between a monthly recurring charges or minimums. MCI rates assume 15% of the calls are MCI, and Sprint's weekday promotional rates in effect as of July 15, 1996.



Dear Texas Telephone Customer,

Now you can talk as long as you want with the **10 talk** low rate of just 10 cents a minute*! Save money 24 hours a day on unlimited long distance calls to all 50 states.

This money-saving service is already working on your phone. Simply dial 10636 + 1 + area code+ the number you wish to call, and start saving on every long distance minute. You don't need to sign up or notify anyone to start saving.

10 Talk service is available 24 hours a day.

- No minimums, no monthly fee.
- 10 Talk works 24 hours a day, seven days a week.
- A low 20¢ surcharge per call.
- Service takes place on Clear Choice Communications' high-tech digital network.
- Billing is rendered by your local telephone company.

Stick with 10 keek for 10¢ a minute long distance. Place the enclosed stickers on or near your phone and start saving today. If you ever have any questions about the 10 Tolk service, call our toll-free customer service number, 1-800-589-4480. Try 10 km/k today. You can talk as long as you want and save money, too!

Sincerely.

K.R. Ball

Vice President, Marketing

Clear Choice Communications

We Participate

Dial 10636 before every long distance call-save!

A Customer Assistance Program of the Better Business Bureau

P.S. Remember, 10 Test lets you make long distance calls for just 10¢ a minute! Dial now -10636 + 1 + area code + the number you wish to call.

> Clear Choice Communications